

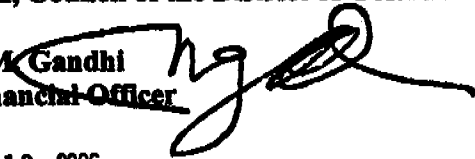
**Government of the District of Columbia  
Office of the Chief Financial Officer**



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi   
Chief Financial Officer

**DATE:** JUL 10 2006

**SUBJECT:** Fiscal Impact Statement (3<sup>rd</sup> Revised): "Career Service, Legal Service, Excepted Service, and Management Supervisory Service Non-Collective Bargaining Unit Employees Pay Equity Compensation System Change Approval Resolution of 2006"

**REFERENCE:** PR 16-831

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**Conclusion**

Funds are sufficient in the FY 2006 budget and the proposed FY 2007 through FY 2010 budget and financial plan to implement the legislation. The provisions of the proposed approval resolution will require no additional resources.

**Background**

The proposed resolution would approve compensation system changes recommended by the Mayor to create pay parity with similar union pay schedules and resolve other compensation issues of nonunion schedules. The recommendation is for a minimum 3.0 percent increase in current base salaries for certain Career Service and Management Supervisory Service employees in FY 2006 upon movement to the newly proposed salary schedules. The resolution also provides a 3.0 percent increase in the salary schedules for all Career Service, Excepted Service, and Management Supervisory Service (MS) schedules, and a 4.5 percent increase in the salary schedules for certain Legal Service employees in FY 2007. The compensation system changes will impact District employees throughout the District government. Approximately 4,276 FTEs will be beneficiaries. The current aggregate of their combined salaries is over \$281.7 million annually.

Terms of the related agreement include an adjustment of rates of pay for grade levels 1 through 14 on the general Career Service (CS) schedule. It also establishes a new combined open range pay for performance system on the general CS schedule (grade levels 15 through 18) and MS (grade 11 through 16) effective April 2, 2006. It will adjust the current pay ranges for the Excepted Service (ES) schedule effective on April 2, 2006.

The proposed resolution is not applicable to employees of the District of Columbia Board of Education or the Board of Trustees of the University of the District of Columbia.

### **Financial Plan Impact**

Funds are sufficient in the FY 2006 Budget and the proposed FY 2007 through FY 2010 budget and financial plan. The provisions of the proposed approval resolution will require no additional resources.

Benefits are estimated at 15 percent of base salary. The gross costs for the proposed compensation system change are approximately \$25.87 million in FY 2007.<sup>1</sup> However, the local costs are approximately \$18.10 million.<sup>2</sup> The FY 2006 costs reflect mid-year implementation. The table in Figure 1 presents the personnel service costs impacting the financial plan.<sup>3</sup>

*Figure 1.*

Expenditure Impact to the Local Financial Plan					
in Millions					
FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	5-Year Total
\$5.19	\$18.11	\$18.67	\$19.23	\$19.81	\$81.01

<sup>1</sup> Base salary and benefits expended against all funding sources.

<sup>2</sup> Base salary and benefits expended against local sources.

<sup>3</sup> The D.C. Retirement Board determines local funding requirements periodically through an actuarial study. Adjustments are a funding requirement to the third subsequent fiscal year following implementation to maintain an account's full funding status.